



# The Role of The Rental Dispute Center on The Rental Sector in Dubai: An Analytical Overview

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## ABSTRACT

The rental sector in the UAE represents about half of the real estate sector, as it is one of the basics on which the economy is based and one of the essential basic pillars in the economic sector. Due to that, the local legislator intervened in the Emirate of Dubai to achieve transparency in this sector and protect dealers' rights. Therefore, the government established a Rental Dispute Center Dubai (RDCA) to resolve rental disputes arising between the parties from the rental contract. In this regard, the article examines the extent of the contribution of the RDCA to the development of the real estate sector and the provision of a safe and stable environment for investors on the one hand and for the parties to the rental relationship on the other. The article adopted the social legal research methodology. The data were examined using an analytical and critical approach. It found that the RDCA has been demonstrated to effectively accomplish simplicity, expediency, and efficiency in resolving rental disputes, thereby distinguishing itself from the judicial system. It also has significantly contributed to safeguarding the rights of all involved parties within the rental relationship, thereby augmenting the growth and advancement of the real estate sector. However, the article recommends that certain legal provisions that appear to contradict the principle of judicial independence be revised in order to fully realise the goals for which the RDCA was established.

**Keywords:** Rental Dispute Settlement Center, Rental Sector, UAE, Dispute Settlement

## INTRODUCTION

In the recent period, the real estate market in Dubai has become prosperous due to the increase and spread of real estate projects in Dubai, so the real estate market in Dubai today is considered one of the markets attracts all investors to it. With the increase and multiplicity of activities, and due to the city of Dubai's good planning, there is expected to be a big boom in the real estate sector (Al-Swaify, 2022; Hattab, Atti & Sabeeh, 2023; Hani et al., 2023). The real estate market in Dubai is considered one of the largest global real estate markets, not only in the Gulf. The rental sector in the UAE represents about half of the real estate sector, as it is one of the basics on which the economy is based and one of the essential fundamental pillars in the economic sector (The accelerating of growth of the real estate market in the Gulf countries in 2023, 2023). To establish a well-functioning and equitable housing and real estate sector system, it is essential to establish targeted regulations and controls designed to foster balanced development and promote sustainable solutions for the challenges confronting the industry (Al-Saedi & Abbas, 2023; Sanna, 2023; Abdelgalil, 2005). Such measures are instrumental in safeguarding the rights of all stakeholders involved in the sector. Given the crucial role played by the real estate sector in contributing to the economic growth and prosperity of the Emirate of Dubai, the local legislature has taken a proactive stance in ensuring transparency in all transactions carried out within the industry. This approach serves to safeguard and uphold the rights of all stakeholders involved, thereby fostering an environment of trust and confidence between them and the real estate sector in Dubai (Alsaad & Lazim, 2023; Alblooshi, Mohamed & Yusr, 2023). The intervention of the legislature in regulating the landlord-tenant relationship within the Emirate of Dubai is reflected in the enactment of Act No. 26 of 2007. This legislation highlights the necessity of registering the lease agreement with the Real Estate Regulatory Authority, and outlines the duration of the lease and the corresponding rental fee payable by the tenant to the landlord. Additionally, the law sets out the respective obligations of both parties, as well as the conditions under which the landlord may lawfully request the tenant to vacate the property.

Nevertheless, due to the desire of the legislator in the Emirate of Dubai to develop the legal regulation of the real estate sector in the emirate, Law No. 33 of 2008 was enacted, which included the amendment of Articles (2), (3), (4), (9), (13), (14), (15), (25), (26), (29) and (36) of Law No. 2007. Regarding the rental relationship, the law defines a rent lease contract as the contract under

which the lessor undertakes to enable the tenant to use the property for a specific purpose for a specific period in exchange for a specific rent (Article 2, 2008). It is worth noting that the UAE legislator defines the lease contract in Article No. 742 of the Civil Transactions Law, it is the lessor's conferring on the lessee an intended benefit from the leased property for a specific period in exchange for rent (Article 742, 1995).

Concerning the last definition, it should be noted that the legislator, in Law No. A of 2008 defined the lease contract for real estate only and excluded other things. The scope of application of the definition is limited to real estate in the Emirate of Dubai, which makes it different from the definition referred to in the Civil Transactions Law, which defines the lease contract for real estate and non-real estate throughout the United Arab Emirates. Therefore, the contract is the source of the tenant's usufruct of the property (Al-Shuwaihi, 2020). The local legislature has taken steps to establish a comprehensive framework for determining the rental value of real estate, and the related circumstances that may affect this determination. In line with this objective, Decree No. 42 of 2013 was issued to regulate the increase in real estate rent allowance within the Emirate of Dubai (Matly, & Dillon, 2007).

However, the Emirate's government did not restrict itself to the enactment of regulatory laws alone. It has also established a dedicated center to address rental disputes that may arise between the parties involved in such transactions (Darwish, 2023). In light of this initiative, the present article seeks to evaluate the impact of this center on fostering the development of the real estate sector, and creating a secure and stable environment for investors and parties engaged in rental relationships.

## **METHODOLOGY**

Since the article aimed to evaluate RDCA and its contribution to the development of the real estate sector and the protection of the rights of its dealers, the article adopted the socio-legal research methodology. The data were examined using analytical-critical approach.

## **DISCUSSION AND ANALYSIS**

It is important to note that the RDCA was established to supersede the Special Judicial Committee established by Decree No. 2 of 1993, which was tasked with resolving rental disputes between landlords and tenants (AL-Najar, 2020). Pursuant to Article No. 1 of the aforementioned decree, a

dedicated judicial committee was formed with exclusive jurisdiction over all disputes that may arise between landlords and tenants, irrespective of their nature, and was named the Rent Committee. The Rent Committee has replaced its predecessor with effect from the date of its establishment (Article 1, 1993). However, with the objective of creating a specialised judicial system to adjudicate rental disputes and developing expedited and simplified procedures for resolving such disputes, the Dubai legislature amended Decree No. 2 of 1993 by issuing Decree No. 26 of 2013. This amendment established a center specifically tasked with settling rental disputes, with the aim of promoting social and economic stability for all parties involved in the real estate rental sector and related industries, and in support of sustainable development in the Emirate (Article 3, 2013). In the context of this article, the administrative structure, legal character, jurisdiction, and impact of the center's rulings on rental disputes brought before it will be examined.

### **The Organizational Chart of the RDCA**

In accordance with Article 7 of the aforementioned decree, the Rental Disputes Settlement Center is comprised of two distinct sectors: the administrative sector and the judicial sector (Article 7, 2013). The judicial sector, in turn, is composed of several departments and organizational units that carry out specific functions (Abdali, 2017). These include: 1) The Department of Conciliation and Reconciliation. 2) The Primary Circuit. 3) The Appellate Circuit. 4) The Department of Execution of Judgments. As for the administrative sector, it is made up of various organizational units that provide technical and administrative support to the judicial sector.

### **The Legal Nature Of The RDCA**

In order to establish the legal nature of the RDCA, it is necessary to first clarify its legal foundation, followed by an examination of the competencies that it exercises under the law. Consequently, this article will commence with an explanation of the legal foundation of the center, followed by an examination of its granted competencies as stipulated by the applicable law.

### **The Legal Basis Of The RDCA**

In compliance with Decree No. 26 of 2013, the RDCA was established as a judicial entity operating under the Dubai Property and Land Department. This center was created to replace the Judicial Committee, which was previously formed under Decree No. 2 of 1993, with the aim of resolving

rental disputes between landlords and tenants (Articles 3 and 5, 2013). The RDCA is led by a judge who holds a rank not lower than that of an appeals judge, which is appointed by the Ruler of Dubai as per Article 8 of Decree No. 26 of 2013. The Head of the Center has the responsibility of overseeing the judicial sector's operations within the center. Additionally, the Center has a Secretary-General who is appointed by the Director-General of the Department of Property and Lands where the Center is located, as outlined in Article 9 of the same decree. The Secretary-General is tasked with overseeing the administrative sector of the Center and performing any other duties assigned or delegated by the Head of the Center. In regard to the financial resources of the RDCA, its funding sources are stipulated in Article 27 of the relevant decree. This article specifies that the financial resources of the center are derived from the allocation provided to it in the budget of the Property and Land Department, or from the fees for services charged by the center for lawsuits, requests, and other services it provides.

However, the analysis of Articles 9 and 27 reveals that the principle of judicial independence, which ensures the impartiality and autonomy of judicial bodies in carrying out their functions, should have been taken into account by the legislator in terms of both administrative and financial aspects. This principle is vital in ensuring that the judicial bodies perform their tasks without any interference or influence.

### **The Competences of the RDCA**

Decree No. 26 of 2013 outlined the specific tasks and competencies of the RDCA as well as the procedures for carrying them out. Accordingly, the article elucidated the particular areas of specialisation of the center, as well as the modalities for their implementation.

According to Article 6 of the Decree No. 26 of 2013, the RDCA is responsible for several tasks. The article also specifies the cases in which the center cannot exercise its competencies, which are as follows:

A- The center is responsible for the following:

1- Resolving all rental disputes that arise between landlords and tenants of existing real estate in the Emirate or in free zones, including counterclaims arising from such disputes, as well as requests for temporary or urgent procedures submitted by either party to the lease.

2- Adjudicating appeals against decisions and judgments that may be appealed under the provisions of this Decree and the regulations and decisions issued pursuant thereto.

3- Enforcing the decisions and judgments issued by the center in the rental disputes that fall under its jurisdiction.

Regarding cases that the center cannot consider, they are outlined in Article 6 of the decree. These include rental disputes that arise within free zones that have their own judicial committees or specialized courts to adjudicate rental disputes, disputes arising from financial lease contracts, and disputes arising from long-term lease contracts governed by the provisions of Law No. 7 of 2006.

### **How The RDCA Exercises The Powers Entrusted To It Under Decree No. 26 Of 2013**

The article aimed to clarify how the Rental Disputes Settlement Center exercises the competencies entrusted to it, specifically through its judicial sector which comprises various departments responsible for carrying out the center's tasks as indicated in the decree. These departments are assigned specific competencies that enable them to settle rental disputes between landlords and tenants in Dubai effectively. The article further explains the roles and responsibilities of each department within the judicial sector, namely: the Department of Conciliation and Reconciliation, the Primary Circuit, the Appellate Circuit, and the Department of Execution of Judgments.

#### **A Conciliation And Reconciliation Department**

In accordance with the regulations set by the head of the RDCA, a Conciliation and Reconciliation Department shall be established at the Rental Disputes Settlement Center. This department is responsible for conducting amicable settlements of rental disputes. The Conciliation and Reconciliation Department looks into a rental dispute by inviting the people involved or their representatives, giving them reconciliation options, and trying to get them to see things from the same point of view so that they can agree. The department's goal is to find a peaceful solution to the rental dispute within 15 days of the date that both sides appear before it. If necessary, this period may be extended for a similar or longer period by a decision of the judge overseeing its work (Article 10, 2013).

#### **Primary Circuit**

Upon careful examination of Article 13 of the decree, it becomes evident that the primary circuit of the RDCA carries out its functions through a sufficient number of committees established by the head of the centre within the primary circuit. Each committee comprises a chairperson and two members with relevant expertise and experience in the legal and real estate domains, specialising in adjudicating the rental disputes outlined in Article 6 of the decree. Each committee must have a judge as its head, but the council chairperson can choose a judge with the right skills to be the committee's president (Balushi, 2012). The head of the centre also holds the authority to allocate one or more committees within the primary circuit to address a specific type of rental dispute, depending on the lawsuit's nature, the leased real estate unit's location, or the type of rental dispute in question (Article 13, 2013).

### **Appellate Department**

Article 14 of the decree highlights that the committee's authority is exercised through several committees, each comprising two judges and one individual with a real estate specialisation. The head of the committee must be a judge. The committee's mandate is to consider appeals filed against decisions and judgments issued by the Primary circuit. The decisions of the Appellate Division are binding and cannot be appealed by any means. They must be executed according to the Center's approved procedures and principles.

In the same context, Article No. 18 of the same decree outlines the conditions that must be met for an appeal request to be accepted by the Appeals Circuit. It stipulates that the appeal request must be submitted within 15 days from the date of issuance of the judicial decision by the Primary Circuit. However, if the convicted person was absent from the case sessions before the Primary Circuit and did not submit a memorandum to defend himself, the appeal period starts from the date on which he was notified of the ruling (Article 18, 2013). Moreover, it should be noted that the departments referred to in the decree must decide on all cases brought before them within 30 days from the date the case file was referred to them (Javeed, 2021). Nevertheless, the President of the Judicial Council may extend this period under the controls that have been set in this regard (Article 16, 2013).

The aforementioned information indicates that the Center is deemed a legal entity operating within the Dubai Department of Property and Lands. Formally, the Center is overseen by an individual holding the position of a judge (Jadalhaq, 2017). The Center's departments are comprised of

judges, in addition to following litigation procedures similar to those of other courts, in handling disputes that are presented before it. As for the functional aspect, the Center focuses on investigating rental disputes between the parties involved, with the aim of protecting and preserving the rights of both parties, which is consistent with the objective of courts in the pursuit of their judicial duties.

However, it is worth noting that the center differs from the federal courts in two main aspects. First, in terms of the degree of litigation, the center includes two degrees of litigation, namely the Primary Circuit and the Appellate Circuit. In contrast, the courts in the UAE include three levels of litigation, which are the Primary Court, the Court of Appeal, and the Court of Cassation (Elsheshtawy, 2019).

The second distinguishing aspect pertains to the timelines for filing appeals against court judgments. It is evident that an individual convicted by the Primary Circuit must file an appeal within 15 days of being notified of the verdict. This duration contrasts with the 30-day appeal period provided for by the federal courts' Court of Appeal, commencing from the date of the Primary Court's verdict announcement (article 159, 2018).

### **Judgment Execution Department**

In accordance with Article 21 of the 2013 decree, all final judgments rendered by the Primary Circuit and Appeal Circuit shall be enforced by the Department of Execution of Judgments, which is a part of the RDCA. Nonetheless, the head of the RDCA is authorised to request support from the Execution Department of Dubai Courts in executing judgments issued by the Centre (Jadalhaq, 2017).

### **CONCLUSION**

Due to various contributing factors, the real estate industry in the Emirate of Dubai has experienced significant and rapid growth in recent times, thus becoming a crucial aspect of the local economy's prosperity. Therefore, the Emirate government has taken a keen interest in fostering this industry's development through several means, such as enacting regulations to govern its operations and safeguard the rights of parties involved to promote confidence in the real estate sector. Concerning rental arrangements, the law defines rent as a lease agreement, where the landlord agrees to enable the tenant to use the property for a specific purpose and time in exchange for a specified rental fee.



Thus, the contract constitutes the basis for the tenant's legal right to use and enjoy the property (Javeed, 2021).

Nevertheless, the government of Dubai was not satisfied with legislating laws regulating the real estate sector but instead set up a centre specialized in resolving disputes between landlords and tenants. This was through the issuance of RDCA Decree No. 26 of 2013. This centre replaced the Judicial Committee formed under Decree No. 2 of 1993. This is to achieve social and economic stability for all those involved in the real estate rental sector and related sectors that support sustainable development in the Emirate. The centre consists of two different sectors. The administrative sector and the judicial sector.

The judicial sector consists of the Department of Conciliation and Reconciliation, the Primary Circuit, the Appellate Circuit, and the Department of Execution of Judgments. The administrative sector, it consists of several organisational units that are assigned tasks providing technical and administrative support to the judicial sector.

The center is headed by a judge whose rank is not lower than that of an appeals judge. The head of the center is appointed by a decision of the Ruler of Dubai. The head of the center is responsible for supervising the work of the judicial sector in the center. The Center shall also have a Secretary-General appointed by a decision of the Director General of the Department of Property and Lands in which the Center is located.

The Secretary-General shall undertake the task of supervising the work of the administrative sector of the Center, and any other tasks assigned or delegated to him by the Head of the Center. As for the financial resources of the Centre, Article 27 of the decree indicated that the Centre's financial resources come from the support provided for the Center in the budget of the Property and Land Department, or from the fees for services charged by the Center for Lawsuits, Requests, and services it provides. However, the article considers that the legislator should have taken into account the principle of the independence of the judiciary in terms of administrative and financial aspects. This is because the independence of the judiciary guarantees the performance of the judicial bodies to complete their tasks assigned to them without there being anything that allows interference or influence on it when they exercise its tasks. To achieve this, the article considers

the necessity of amending Article 9 of the decree, and that the appointment of the manager of the administrative sector is through the Judicial Council. The article also considers the need to amend Article 27 of the decree and for the center's budget to be a separate budget from the budget of the Property and Land Department.

Article 6 of the decree outlines the jurisdiction of the center, which is limited to matters related to:

- 1- Resolving rental disputes arising between landlords and tenants of existing real estate in the Emirate or the free zones, including any counterclaims and requests for temporary or urgent procedures submitted by either party to the lease.
- 2- Adjudicating appeals against decisions and judgments that may be appealed under the provisions of the Decree.
- 3- Implementing the regulations and decisions issued pursuant to the Decree, as well as executing the decisions and judgments issued by the center in the rental disputes over which it holds jurisdiction.

In Decree No. 26 of 2013, the local legislator in Dubai prescribed specific time limits within which the Primary Circuit and Appeal Circuit must render decisions on appeals brought before them, which is within 30 days of receiving the case papers. Similarly, in the case of appeals submitted to the Appeals Circuit, the legislator stipulated that the convicted party must file an appeal against the decision of the Primary Circuit within 15 days from the date of receiving the ruling. Failure to do so will render the decision of the Primary Circuit final. As a result, the Center is regarded as a judicial body under the Department of Property and Lands in Dubai.

However, the center differs from the federal courts in two respects, in terms of degrees of litigation, as the center includes two degrees of litigation represented by the Primary Circuit and the Appellate Circuit. While the courts in the UAE include three levels of litigation, represented by the Primary Court, the Court of Appeal, and finally the Court of Cassation. The second aspect is represented in the deadlines for appealing judgments, as it is clear that the convicted person must appeal the decision of the Primary Circuit within 15 days from the date of being notified of the judgment. While the period of appeal before the Court of Appeal in the federal courts is 30 days from the date of announcing the ruling by the Primary Court. In this regard, the article believes that determining the degrees of litigation in two degrees, and setting dates for appealing the decisions of the First Instance Circuit that are less than the dates set before the federal courts lead

to achieving speed, ease, and simplicity in the procedures for resolving rental disputes which leads to preserving and protecting the rights of landlords and tenants. There is no doubt that this will eventually lead to the development of the real estate sector, which is considered one of the important basics of the local economy in the Emirate and to increase the confidence of individuals in the legal regulation of the sector.

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